

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20510

Dear Mr. President:

The U.S. Department of Transportation (DOT) is pleased to submit the annual progress report entitled, *Report to Congress on the Fiscal Year (FY) 2006 Competitive Sourcing Efforts*. This report is provided in response to Government-wide reporting requirements established in Section 647(b) of Division F of the Consolidated Appropriations Act, FY 2004 (Public Law 108-199) and supplementary guidance contained in the Office of Management and Budget's (OMB) Memorandum M-07-01 dated October 5, 2006.

This report demonstrates DOT's FY 2006 Competitive Sourcing accomplishments and continued commitment to using competition as a tool to create the results-oriented government that the taxpayers deserve. By aligning competitive sourcing closely with workforce planning and human capital initiatives, DOT has been able to identify opportunities for operational efficiencies that make business sense and strengthen the organization. Enclosure 1 includes information about competitions completed or announced in FY 2006, as well as savings and performance updates for competitions completed in previous fiscal years. Enclosure 2 discusses plans during FY 2007 for the alignment between competitive sourcing and the Department's strategic workforce plans.

An identical letter has been sent to the Speaker of the House of Representatives; and the Chairmen and Ranking Members of the House and Senate Committees on Appropriations; and the House and Senate Subcommittees on Transportation, Housing and Urban Development, and Related Agencies, Committee on Appropriations.

Sincerely yours,

/S/
Mary E. Peters

Enclosures (2)

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, DC 20515

Dear Madame Speaker:

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Sincerely yours,

/S/
Mary E. Peters

Enclosures (2)

The Honorable Christopher S. Bond
Ranking Member
Subcommittee on Transportation,
Housing and Urban Development,
and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Bond:

The U.S. Department of Transportation (DOT) is pleased to submit the annual progress report entitled, *Report to Congress on the Fiscal Year (FY) 2006 Competitive Sourcing Efforts*. This report is provided in response to Government-wide reporting requirements established in Section 647(b) of Division F of the Consolidated Appropriations Act, FY 2004 (Public Law 108-199) and supplementary guidance contained in the Office of Management and Budget's (OMB) Memorandum M-07-01 dated October 5, 2006.

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An identical letter has been sent to the Chairman of the Senate Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, Committee on Appropriations; and the Chairmen and Ranking Members of the House and Senate Committees on Appropriations; the House Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, Committee on Appropriations; the President of the Senate; and the Speaker of the House of Representatives.

Sincerely yours,

/S/
Mary E. Peters

Enclosures (2)

The Honorable Patty Murray
Chairwoman
Subcommittee on Transportation,
Housing, and Urban Development,
and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madame Chairwoman:

The U.S. Department of Transportation (DOT) is pleased to submit the annual progress report entitled, *Report to Congress on the Fiscal Year (FY) 2006 Competitive Sourcing Efforts*. This report is provided in response to Government-wide reporting requirements established in Section 647(b) of Division F of the Consolidated Appropriations Act, FY 2004 (Public Law 108-199) and supplementary guidance contained in the Office of Management and Budget's (OMB) Memorandum M-07-01 dated October 5, 2006.

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Sincerely yours,

/S/
Mary E. Peters

Enclosures (2)

The Honorable John W. Olver
Chairman
Subcommittee on Transportation,
Housing and Urban Development,
and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The U.S. Department of Transportation (DOT) is pleased to submit the annual progress report entitled, *Report to Congress on the Fiscal Year (FY) 2006 Competitive Sourcing Efforts*. This report is provided in response to Government-wide reporting requirements established in Section 647(b) of Division F of the Consolidated Appropriations Act, FY 2004 (Public Law 108-199) and supplementary guidance contained in the Office of Management and Budget's (OMB) Memorandum M-07-01 dated October 5, 2006.

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Sincerely yours,

/S/
Mary E. Peters

Enclosures (2)

The Honorable Joe Knollenberg
Ranking Member
Subcommittee on Transportation,
Housing and Urban Development,
and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Knollenberg:

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Sincerely yours,

/S/
Mary E. Peters

Enclosures (2)

The Honorable David R. Obey
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely yours,

/S/
Mary E. Peters

Enclosures (2)

The Honorable Jerry Lewis
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Lewis:

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Sincerely yours,

/S/
Mary E. Peters

Enclosures (2)

The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Cochran:

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Sincerely yours,

/S/
Mary E. Peters

Enclosures (2)

The Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

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Sincerely yours,

/S/
Mary E. Peters

Enclosures (2)

Department of Transportation
FY 2006 COMPETITIVE SOURCING ACTIVITIES WORKSHEET

COMPLETED COMPETITIONS
(Dollars in Millions)

Competition Description																		Savings and/or Performance Improvements					
Agency	Bureau	Primary Activity Code	Secondary Activity Code	Additional Activity Code	Description of Activity Competed	Type of Competition	Location (State)	# of FTE in study	# of Bids Received	Start Date (Day/Mo/Yr)	End Date (Day/Mo/Yr)	Expected Phase-In Completion Date (Day/Mo/Yr)	Actual Phase-In Completion Date (Day/Mo/Yr)	Source Selection Strategy Used	Winning Provider	FY 2006 Costs	Total Cost - All Years	Estimated Savings	Period of Est. Savings (Performance Period--in years)	Annualized Savings	Actual Savings(if available)	Saving Methodology: Calculation/Proxy	Quantifiable Description of Improvements in Service or Performance (if appropriate)
STREAMLINED COMPETITIONS																							
DOT	FMCSA	Y899	T899		Administrative and Enforcement related activities at the Service Center Level of organization	Streamlined competition with MEO	CO, GA, IL, MD	14	0	10/18/2005	02/28/2006		09/17/2006		In-house government personnel (I/H)	0.221	0.221	1.499	5	0.300	0.009	Proxy	
SUBTOTAL, STREAMLINED COMPETITIONS																0.221	0.221	1.499		0.300	0.009		
STANDARD COMPETITIONS																							
DOT	NHTSA	Y899	A000	A000, Y899	Investigation file maintenance	Standard competition	DC	7	1	01/24/2006	08/30/2006	12/08/2006		Lowest price technically	In-house government	0.077	0.077	0.989	6	0.165	0.000	Proxy	
SUBTOTAL, STANDARD COMPETITIONS																0.077	0.077	0.989		0.165	0.000		
TOTAL, ALL COMPETITIONS								21	1							0.299	0.299	2.488		0.465	0.009		
FY 2006 FIXED COSTS*				0.062																			

*Note: These costs are not competition-specific

Department of Transportation
FY 2006 COMPETITIVE SOURCING ACTIVITIES SUMMARY SHEET

Announced Competitions*
(Dollars in Millions)

Competition Description											
Agency	Bureau	Primary Activity Code	Secondary Activity Code	Additional Activity Code	Description of Activity Competed	Type of Competition	Location (State)	# of FTE in study	Source Selection Strategy Used (If Known)	Incremental Costs of Conducting Studies	Anticipated Savings or Quantifiable Description of Improvements in Service or Performance (if available)
STREAMLINED COMPETITIONS											
SUBTOTAL, STREAMLINED COMPETITIONS								0		0.000	
STANDARD COMPETITIONS											
SUBTOTAL, STANDARD COMPETITIONS								0		0.000	
TOTAL, ALL COMPETITIONS								0		0.000	

Department of Transportation
FY 2006 COMPETITIVE SOURCING ACTIVITIES

SAVINGS & PERFORMANCE UPDATE
(Dollars in Millions)

						Total Estimated Savings (As reported to Congress in past 647 reports)	Total Performance Period (in years)	Actual Phase-In Completion Date (Mo/Yr)	Actual Accrued Savings FY 2003	Actual Accrued Savings FY 2004	Actual Accrued Savings FY 2005	Actual Accrued Savings FY 2006	Total Actual Accrued Savings	Pd Over Which Actual Savings Accrued (In Years)	Savings Methodology: Calculati on/ Proxy	Quantifiable Description of Improvements in Service or Performance (if appropriate)
Agency	Bureau	Function Completed	Description of Activity Competed	Type of Competition	FTEs											
STREAMLINED COMPETITIONS																
DOT	PHMSA	D000	Administrative Services	Streamlined competition with MEO	13	1.473	10	09/30/2005	0.000	0.000	0.000	0.246	0.246	1	Calculation	
DOT	FMCSA	X000	Administrative Support Services	Streamlined competition with MEO	16	1.153	5	05/14/2005	0.000	0.000	0.079	0.392	0.471	1.33	Calculation	
DOT	FMCSA	\$740	Commercial Enforcement	Streamlined competition with MEO	11	1.995	5	05/14/2005	0.000	0.000	0.134	0.417	0.550	1.33	Calculation	
DOT	RITA/VOLPE	R000	Secretarial and Business Process Analysis Services	Streamlined competition with MEO	30	3.257	5	07/01/2005	0.000	0.000	0.000	0.847	0.847	1	Calculation	Mandated automation improvement implemented throughout the Center have resulted in greater productivity. All employees received training in the use of Excel spreadsheets for recording Time and Attendance (T&A). The number of T&A amendments decreased dramatically following the Excel spreadsheet training in June 2005. For March thru May 2005, there were 70 amendments. For the same period in 2006, there were 24 T&A amendments, a decrease of 66% from 2005 figures. In addition, all secretaries received training in all features of Microsoft Outlook to help them support more than one division, or, in some cases, one larger division.
DOT	FHWA	Y570	such as video, graphics, writing and editing, and	Streamlined competition with MEO	9	0.000	5	07/01/2005	0.000	0.000	0.000	0.000	0.000	0	Calculation	
DOT	FHWA	D200	Analysis Services nationwide.	Streamlined competition with MEO	15	0.000	5	07/01/2005	0.000	0.000	0.000	0.000	0.000	0		
DOT	FHWA	Y570	such as video, graphics, writing and editing, and	Streamlined competition with MEO	9	0.000	5	07/01/2005	0.000	0.000	0.000	0.000	0.000	0	Calculation	
DOT	FHWA	D200	Analysis Services nationwide.	Streamlined competition with MEO	15	0.000	5	07/01/2005	0.000	0.000	0.000	0.000	0.000	0		
DOT	MARAD	Y899	support services and human resources support services.	Streamlined competition with MEO	31	3.646	10	02/05/2006	0.000	0.000	0.000	0.000	0.000	0	Proxy	
DOT	RITA/TSI	U000	Administrative and Technical Services for Training Program Support	Streamlined competition with MEO	8	0.742	5	07/01/2005	0.000	0.000	0.000	0.148	0.148	5	Proxy	reduction in functions and tasking from previous process resulted in MEO eventhough FTE count did not change.
SUBTOTAL, STREAMLINED COMPETITIONS					157	12.267							2.262			
STANDARD COMPETITIONS																
DOT	Administration	J504	NDRF Operations	Standard competition	195	0.700	10	04/15/2004	0.000	0.000	0.000	0.000	0.000	0	Calculation	
DOT	Administration	J504	NDRF Operations	Standard competition	195	0.700	10	04/15/2004	0.000	0.000	0.000	0.000	0.000	0	Calculation	
DOT	NHTSA	A000	Administrative Support	Standard competition	14	0.086	6	11/30/2004	0.000	0.000	0.000	0.000	0.000	0	Calculation	
DOT	FAA	T826	Automated Flight	Standard competition	2,300	2,224.770	10	10/03/2005	0.000	0.000	0.000	0.000	0.000	0	Calculation	
DOT	NHTSA	A000	Information Management	Standard competition	10	0.991	6	10/29/2005	0.000	0.000	0.000	0.000	0.000	0	Calculation	
SUBTOTAL, STANDARD COMPETITIONS					2,714	2,227.247							0.000			
TOTAL, ALL COMPETITIONS					2,871.000	2,239.514							2.262			

**U.S. Department of Transportation
Report to Congress on Fiscal Year 2006 Competitive Sourcing Efforts
Supplemental Information**

Requirement: Provide the total projected number (expressed as a full-time equivalent (FTE) number) of Federal employees that are to be covered by competitions scheduled to be announced in the fiscal year (FY) covered by the next report required under this section.

The U.S. Department of Transportation (DOT) estimates conducting competitions for between 31 and 93 FTEs in FY 2007. Consideration may also be given to conducting feasibility reviews for possible competition of activities involving roughly 50-150 FTEs. In all cases, competitions will be publicly announced in a timely fashion where studies indicate an activity is feasible for competition.

Requirement: Provide a general description of how the competitive sourcing decision making processes of the executive agency are aligned with the strategic workforce plan of that executive agency.

The DOT has a planning process in place that is global, disciplined, and strategic with regard to implementation of the President's competitive sourcing initiative. To oversee execution, the Agency has established a senior level Workforce Analysis Executive Steering Committee (WAESC). The WAESC is chaired by the Deputy Secretary for DOT with the DOT Competitive Sourcing Official (the Assistant Secretary for Administration) serving as Vice Chair. Members include Competitive Sourcing Officials (CSO) from each of the Operating Administrations (OA), and representatives from the General Counsel's Office, Departmental Office of Human Resources, Office of the Senior Procurement Executive, and other offices as required. This body is charged with providing overall guidance, oversight, and evaluation of how competitive sourcing can most effectively be implemented across the Department, while sustaining core mission capabilities by providing the highest quality in stewardship of the Nation's resources; serving the Agency's customers, clients, and partners; and actively working towards achievement of the DOT's strategic business goals which drive the Department's total performance. In FY 2007, this body will focus on two areas: (1) Leading the evaluation of mission-critical occupations across the Department to determine if they should be competed on a departmental basis, and (2) Guiding the 2007 FAIR Act Inventory process with the goal of improving how we categorize functions across the Department.

The Department's leadership is also committed to employee needs, development, and welfare, and believes it is essential that competitive sourcing be implemented in concert with human capital planning to ensure productivity is maximized. With the efforts of the WAESC, FY 2007 planning will continue to focus on applying competitive sourcing as one of the tools the Agency uses in Workforce/Human

Capital Planning to identify and address skill imbalances, competency gaps, and organizational redundancies. With the WAESC and the Agency's Human Capital Council (comprised of OAs Human Capital Officers) working together, a framework is now established for sustaining a capable, motivated, and well-trained professional workforce that will achieve the Department's missions and goals well into the future. Performance gaps are identified and addressed through a variety of human capital strategies to ensure a qualified, well-balanced, and viable Federal/contractor employee team.

As a matter of policy, the Department approaches competitive sourcing as a strategic tool for accomplishing the mission of the Department. The DOT has created a robust and "results oriented" Competitive Sourcing Program that is an integral element of the Department's strategic goal of organizational excellence. The DOT's CSO asks each OA to evaluate the functions that should be competed based on the following:

- The business case for competing the proposed function based on costs of conducting the competition compared to the anticipated cost savings and/or productivity improvements;
- Consistent integration with Human Capital Workforce planning activities including skill and competency gaps, training and certification requirements, workload volume, anticipated retirement schedules, etc., and,
- Any organizational issues known or anticipated regarding restructuring, realignment of operations, mission changes, etc.

During the past 12 months, DOT OAs have taken significant steps to build a strong foundation for accomplishing timely and effective competitive sourcing planning and decision-making. These measures are helping to ensure the fair and efficient conduct of future public-private competitions that meet all OMB Circular A-76 guidelines and requirements. In fact, the overwhelming majority of the Department's OAs has developed Steering Committees for both the Competitive Sourcing and Human Capital initiatives. A representative from each of these Steering Committees serves on the other committee to ensure proper communications and coordination of the two. The Department has made it clear that it sees Competitive Sourcing as an instrument to meet its ever changing human capital needs in serving the public both effectively with higher quality services and economically by seeking the most strategic use of appropriated funds to accomplish its collective missions.

The Department is taking great strides to ensure competitive sourcing plans support, and are consistent with, human capital plans across the OAs. It is the Department's philosophy that the competitive sourcing and human capital initiatives reinforce each other in achieving the Department's objective of building a highly efficient, high quality work force.